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On Creating Specialized Patent District Courts: Why H.R. 34 Does Not Go Far Enough to Address Reversal Rates in District Courts

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ON CREATING SPECIALIZED PATENT DISTRICT COURTS: WHY H.R. 34 DOES NOT GO FAR ENOUGH TO ADDRESS REVERSAL RATES IN DISTRICT COURTS

*Jeff Becker**

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I. INTRODUCTION

THE road to specialized patent district courts is being paved by Congress. In February 2007, the House passed H.R. 34 with bipartisan support, which indicates a tentative first step towards the creation of specialized patent courts.¹ If passed by the Senate, the bill sponsored by Representative Darrell Issa (R-Calif.) and Representative Adam B. Schiff (D-Calif.) will enact a ten year pilot program that will allow district court judges to select patent cases, will fund specialized training and education for judges, and will fund the hiring of technically proficient law clerks.² The purpose of this bill is to reduce the outrageous number³ of Federal Circuit reversals of District Court rulings on substantive patent law, especially regarding claim construction.⁴ The bill aims to reduce the reversal rate through creating more expertise and experience among district court judges. However, experience and expertise are only two of several factors influencing the reversal rate—others include the *de novo* nature of claim construction appeals and the ambiguous nature of claim construction.⁵

1. Establishing a Pilot Program in Certain District Courts, H.R. 34, 110th Cong. (1st Sess. 2007).

2. *Id.*

3. Some sources state that the rate of claim construction reversals is as high as seventy percent, but the generally accepted figure is over fifty percent. See *Symposium, A Panel Discussion: Claim Construction From the Perspective of The District Judge*, 54 CASE W. RES. L. REV. 671, 680-81 (2004). There is some dissention from the generally accepted notion that patent cases have a higher reversal rate than other areas of substantive law in district courts. See Paul M. Schoenard, *Reversing the Reversal Rate: Using Real Property Principles to Guide Federal Circuit Patent Jurisprudence*, 17 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 299, 300, 303-04 (2007). However, there is no dispute to the relatively higher number of reversals specifically on issues of patent claim construction. *Id.* at 303-04.

4. See 153 CONG. REC. H1430 (daily ed. Feb. 12, 2007) (statements of Rep. Berman).

5. See, e.g., *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995). This Comment does not propose altering the existing legal framework for claim construc-

This comment will first explain the history and context of H.R. 34, including the political climate to which it was introduced and the reason for its introduction: high reversal rates in the Federal Circuit. Next, the comment will explain the major provisions of H.R. 34. After that, the comment will look at two illustrations of recent cases that were reversed by the Federal Circuit on issues of claim construction, and it will examine these cases to determine whether H.R. 34, if its goals are achieved, would have caused a different outcome. Next, the comment will analyze why the bill is only a patchwork solution and why more substantive changes need to be made in order to truly achieve the goals of making the district courts more effective during patent litigation. Finally, the comment will explain additional reasons for the creation of patent-specific district courts, what such courts would be like, and rules for making sure such courts balance the interests of adverse parties.

II. HISTORY AND CONTEXT OF H.R. 34

According to at least one source in the popular press, the patent system is in an epidemic state.⁶ The view in the industry is that the patent system is weak, wasting time and money, and ultimately hindering the growth of the economy.⁷ The Supreme Court has taken an unprecedented interest in patent law in the last two years and has revisited many issues that were once considered settled areas of patent law.⁸

Additionally, a sweeping patent reform bill has been pending in Congress in various forms for the last several years.⁹ The goals of the congressional reforms are to improve patent quality, to rein in “out-of-control” patent litigation, and to make the U.S. patent system more similar to other countries’ systems.¹⁰ Among major changes contemplated, the biggest is probably the change from a first-to-invent patent system to a first-to-file patent system, which will ostensibly bring more predictability to the patent system and reduce litigation.¹¹ Other major changes include limitations on damages, limitations on willful infringement, limitations on venue, and changing the scope of what constitutes prior art.¹²

tion. Rather, it explores methods for increasing the accuracy and efficiency of district courts handling patent matters as contemplated by H.R. 34.

6. See, e.g., Michael Orey, *The Patent Epidemic: It's Wasting Companies' Money and Slowing the Development of New Products*, BUSINESS WEEK, Jan. 9, 2006, at 60.

7. *Id.*

8. See, e.g., *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1727 (2007); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 388 (2006).

9. See Patent Reform Act of 2007, H.R. 1908, 110th Cong. (1st Sess. 2007); Patent Reform Act of 2005, H.R. 2795, 109th Cong. (1st Sess. 2005).

10. Doug Harvey, Comment, *Reinventing the U.S. Patent System: A Discussion of Patent Reform Through an Analysis of the Proposed Patent Reform Act of 2005*, 38 TEX. TECH L. REV. 1133, 1137 (2006).

11. *Id.* at 1139-41.

12. Gerard F. Diebner, 909 PRAC. L. INST.: PATENTS, COPYRIGHTS, TRADEMARKS, AND LITERARY PROPERTY 591, 596-97 (2007).

Against this backdrop of change and reform in the U.S. patent system and against widespread dissatisfaction with both the current state of affairs and the current attempts to “fix” it, the predecessor to H.R. 34, H.R. 5418, was introduced in the House of Representatives by Representatives Darrell Issa (R-CA) and Adam Schiff (D-CA) on May 18, 2006.¹³ The bipartisan bill passed on September 28, 2006, but the 109th session of Congress closed before the bill could be debated in the Senate.¹⁴ With the bill reintroduced this year as H.R. 34, the bill passed easily in the House, and the opinion is that it will also pass easily in the Senate.¹⁵

Currently, each district court controls the manner and method of assignment of its cases.¹⁶ Typically, cases are assigned on an informal rotation system¹⁷ (similar to a barber shop), and no special consideration is given to substantially complex cases, such as patent matters, above others.¹⁸ As a result, judges with substantial patent experience are as likely to receive a patent case as a judge with little or no experience with such matters.¹⁹

Proponents of H.R. 34 see the lack of expertise of judges deciding patent cases as a leading cause for the astounding reversal rate of district court patent decisions at the Federal Circuit.²⁰ The high reversal rates lead to less determinability at the district court and increased litigation costs, and they make appeals not only an absolute certainty in patent cases, but the true center stage of the patent fight.²¹ H.R. 34 is designed to decrease these reversal rates by increasing the experience and expertise of the district judges and their staff who decide patent cases.

III. OVERVIEW OF H.R. 34

This Part will provide an overview of the major provisions of H.R. 34, which will create a pilot program in district courts designed to ease the judicial burden of patent cases and increase patent expertise, with the goal of creating a more efficient litigation process.²²

13. Adam D. Swain, Comment, *Getting With The (Patent) Program: How Congress Can Make H.R. 34 More Effective in Four Easy Steps*, 10 TUL. J. TECH. & INTELL. PROP. 319, 320 (2007).

14. *Id.*

15. *Id.* at 321.

16. See 28 U.S.C. § 137 (2000).

17. See, e.g., *United States v. Diaz*, 189 F.3d 1239, 1244 (10th Cir. 1999).

18. See Susan W. Bird, Note, *The Assignment of Cases to Federal District Court Judges*, 27 STANFORD L. REV. 475, 476 (1975) (noting that complex cases are as likely to be assigned to new judges as more experienced ones).

19. *Id.*

20. See 193 CONG. REC. H1430 (daily ed. Feb. 12, 2007) (statements of Rep. Berman).

21. See Swain, *supra* note 13, at 321-22.

22. See Press Release, Official Website of Rep. Adam Schiff, House Approves Schiff/Issa Patent Pilot Bill (Feb. 12, 2007), <http://schiff.house.gov> (follow “Newsroom” hyperlink; then follow “Press Releases” hyperlink; then follow “2007” hyperlink).

A. JUDICIAL SELECTION OF PATENT CASES

The major feature of H.R. 34 is the ability for judges to opt in or out of patent cases. According to the proposed legislation, judges can opt into the program and request to hear patent cases.²³ Patent cases will still be randomly assigned to the judges, but a judge that does not want to hear patent cases may decline to accept the case, and the case will then be randomly assigned to one of the judges that have requested to hear patent cases.²⁴

The idea behind this provision is that judges who are able to focus more attention on patent cases will gain more experience and thus reduce the likelihood of error.²⁵ Additionally, the bill will allow judges who show more interest in patent cases to take on more of the patent load, while allowing judges who are less adept at patent cases to avoid such cases. This will further reduce error based on the premise that those who are interested in patent law will be more proficient at it.

B. APPLICABLE DISTRICTS

H.R. 34 is a ten year pilot program and only applies to certain district courts. The district court must have at least ten judges, and at least three judges must opt into the program.²⁶ Additionally, at least five districts must be designated, and only the top fifteen districts where the most patent cases are filed annually will be eligible.²⁷

Based on 2007 numbers, two of the current top five districts would not be included in the program based on not having the requisite number of qualifying judges—the Eastern District of Texas and the District of Delaware.²⁸ The top five eligible qualifying courts would be as follows: the Central District of California, the District of New Jersey, the Northern District of California, the Northern District of Illinois, and the Southern District of New York.²⁹ Of course, this still requires that at least three qualifying judges opt into the program at these courts. The Director of the Administrative Office of the United States Courts has the final say on the designation of participating courts.³⁰

C. REPORTING REQUIREMENTS

As a pilot program, the Director of the Administrative Office is responsible for preparing a report every five years containing various met-

23. Establishing a Pilot Program in Certain District Courts, H.R. 34, 110th Cong. § 1 (1st Sess. 2007).

24. *Id.*

25. 152 CONG. REC. H7851-02 (daily ed. Sept. 28, 2006) (statement of Rep. Sensenbrenner, Chairman, H. Comm. on the Judiciary).

26. H.R. 34, § 1(b).

27. *Id.*

28. Swain, *supra* note 13, at 326-27.

29. *Id.*

30. H.R. 34 § 1(b).

rics regarding the results of the program.³¹ The report must contain an analysis of the extent to which the program succeeds in developing patent expertise among the judges that opted into the program.³² Additionally, the report must show the effect that the expertise of the patent judges has had in improving the efficiency of the courts.³³ The report must contain statistics about the reversal rate of judges on the issue of claim construction, and a comparison between the reversal rate of judges in the program and those who are not in the program.³⁴ Finally, out of concern for judicial forum shopping among parties,³⁵ the report calls for any evidence that designated districts are chosen by litigants in an attempt to ensure a desired outcome.³⁶

D. FUNDING

The final section of the bill provides five million dollars in funding for training and clerkships.³⁷ Specifically, the funding is set aside for the educational and professional development of judges who opt into the program, as well as for hiring law clerks that are technically proficient.³⁸ The bill does not specify the breakout for how much funding goes to each court, and further does not indicate what the qualifications for clerks would be. Presumably, these qualifications would be set by the court, and could include engineering or science backgrounds in the most pressing areas faced by the courts.

IV. TWO ILLUSTRATIONS OF THE PROBLEM IN THE DISTRICT COURTS

The following cases are examples of district court claim construction decisions that were recently overturned by the Federal Circuit. This Part includes an overview of the courts' decisions and analyzes the reasons for the reversals according to the Federal Circuit.

It should first be noted that claim construction is reviewed *de novo* without deference to the lower court decision.³⁹ Thus, any disagreement at all with the District Court's decision is likely to lead to a reversal.

A. ALLVOICE COMPUTING v. NUANCE COMMUNICATIONS

In a recent case, AllVoice Computing's patent for voice recognition software was held invalid by the Southern District of Texas because, among other reasons, several means-plus function claims were indefinite

31. *Id.* § 1(e).

32. *Id.* § 1(c).

33. *Id.*

34. *Id.*

35. Swain, *supra* note 13, at 324.

36. H.R. 34, § 1(e).

37. *Id.* § 1(f).

38. *Id.*

39. Pitney Bowes, Inc. v. Hewlett-Packard Co., 182 F.3d 1298, 1304 (Fed. Cir. 1999).

according to the construction given by the court.⁴⁰ The Federal Circuit overturned the district court's findings on claim construction and remanded to the district court for further proceedings.⁴¹ By way of example, Section A will explore one of the claims at issue and examine the errors made by the district court in its analysis.

AllVoice Computing's software allows a user to speak into an audio input device, where the software's speech recognition engine receives the message and allows the message to be translated directly into word processing and other application programs.⁴² The claim differentiated itself from prior art based on its ability to allow the user to edit documents created with the software without losing the ability to play back the recorded speech correctly.⁴³ The ability of the software to output text to multiple applications is the focus of the claim construction dispute for claim sixty, in which the disputed element reads "output means for outputting the recognised words into at least any one of the plurality of different computer-related applications to allow processing of the recognised words as input text."⁴⁴

A means-plus-function element is a combination that may be expressed as a means for performing a specified function without reciting the material, structure, or acts in support thereof.⁴⁵ Claim construction for means-plus-function claims requires determining the claimed function, and identifying the "corresponding structure in the written description of the patent that performs the function."⁴⁶ A means-plus function clause fails for indefiniteness "if a person of ordinary skill in the art would be unable to recognize the structure in the specification and associate it with the corresponding function in the claim."⁴⁷

The Federal Circuit identified key errors in the district court's analysis of this claim. First, the district court failed to identify the level of skill of one of ordinary skill in the art, a key step for beginning the analysis.⁴⁸ Second, the district court determined that the claim was indefinite because it read the claim to mean that the user must be able to change "on the fly" the destination of the output text to any program he chooses.⁴⁹ Accordingly, the district court was unable to identify any recitation of structure in the specification that performed that function.⁵⁰

40. *AllVoice Computing PLC v. Nuance Comm'n's, Inc.*, 504 F.3d 1236, 1238 (Fed. Cir. 2007).

41. *Id.*

42. *Id.*

43. *Id.* at 1239.

44. *Id.* at 1241 (quoting U.S. Pat. No. 5,799,273 c.29 11.29.32 (filed Sept. 27, 1996)).

45. 35 U.S.C. § 112 ¶ 6 (2000).

46. *AllVoice Computing*, 504 F.3d at 1240 (quoting *Applied Med. Res. Corp. v. U.S. Surgical Corp.*, 448 F.3d 1324, 1332 (Fed. Cir. 2006)).

47. *Id.* at 1241.

48. *Id.* at 1240.

49. *Id.* at 1241.

50. *See id.*

It should be noted that the district court's determination of the construction of the claims and its corresponding finding of indefiniteness was the result of the wholesale adoption of the analysis expressed in a report by a court-appointed expert.⁵¹ The Federal Circuit quickly identified the person of ordinary skill in the art as one with a degree in computer science and two to three years experience programming for Windows.⁵² Additionally, it pointed out that neither the claim nor the prosecution history ever suggested that the program was capable of changing destination programs on the fly, and that this was an incorrect limitation read into the claim by the lower court.⁵³ Without the incorrect limitation, the Federal Circuit was easily able to identify the structure corresponding structure in the specification to the means-for claim—Dynamic Data Exchange (DDE)—a common data exchange protocol built into Windows that uses shared memory access to exchange data between applications.⁵⁴ The court noted that any person skilled in the art of programming for Windows would recognize the DDE protocol and the fact that many applications support it, making the implementation of AllVoice's claim simple for such persons.⁵⁵ Thus, the district court erred by finding the claim invalid for indefiniteness.

AllVoice v. Nuance Communications is an almost perfect illustration of the problem sought to be alleviated by H.R. 34. The errors by the district court, as discussed, demonstrate both a lack of experience in substantive patent law and a lack of expertise in the underlying technology. First, failing to identify the proficiency of one skilled in the art is a fundamental error in the analysis of the claim construction. Such an error would not be overlooked by a court that had more experience with patent cases,⁵⁶ as it was quickly diagnosed by the Federal Circuit. Second, the error regarding reading the claim to include the ability to change destination programs on the fly reflects a misunderstanding of the claimed technology and what the software was actually designed and claimed to do. Such a misunderstanding reflects a lack of expertise in the technology underlying the claim, as it indicates that the court did not fully understand how the software operated in light of its specification and claims. This lack of expertise in technology is precisely what the bill is aiming to remedy by providing funding for judicial training and technically proficient clerks.

Additionally, it is quite conspicuous that the district court in this case relied entirely on the advice and counsel of an outside expert retained for the claim construction, tacitly acknowledging its own lack of expertise and confidence. The precise reasons for the hiring of outside counsel is

51. *Id.* at 1241.

52. *Id.* at 1240.

53. *Id.* at 1241.

54. *Id.* at 1242.

55. *Id.*

56. In the words of Representative Lamar Smith (R-TX) in support of the bill, "[p]ractice makes perfect, or at least better." 153 CONG. REC. H1430-01, H1431 (daily ed. Feb. 12, 2007).

unknown, but such occurrences are an indication of serious problems in the judiciary with regard to patent disputes, as courts should, at the very least, be self-sufficient with regard to such matters.

B. ELBEX VIDEO V. SENSORMATIC ELECTRONICS

In another recent Federal Circuit decision, *Elbex Video, Ltd.* appealed the decision of the Southern District of New York granting summary judgment to the defendant Sensormatic Electronics on its claim of infringement.⁵⁷ Elbex patented a closed circuit television system (CCTV) including a supervisory monitoring system and remote-controllable television cameras.⁵⁸ Elbex's system ensures the operator's ability to control the individual cameras by way of using a unique code signal for each camera,⁵⁹ which made it an improvement over previous systems that could move the wrong camera without the operator's knowledge.⁶⁰ In Elbex's system, the camera sends its unique signal along with the video signal to the receiving device, and when the camera is controlled, only the camera receiving signals that correspond to its unique signal will respond.⁶¹

Elbex's claim elements at issue are a "*receiving means for receiving said video signals and said 1st code signals*" from the cameras and a command circuit for "*operating said television camera in accordance with said control signals when said 2nd code signals coincide with a code allotted to said television camera.*"⁶² During prosecution, Elbex agreed in an office action that the camera signal is received by the "*monitor, based upon which, a code is sent back to the camera along with the control signal.*"⁶³

The district court determined that none of the three methods used by Sensormatic for their accused systems infringed because none of those systems relied on signals sent by the cameras for addressing; rather they rely on addresses generated by the controller based on which video input plug is used for each camera.⁶⁴ Alternatively, the district court held that Elbex surrendered claim scope in its office action agreement regarding the receiving means—that the signal from the camera must be received by the *monitor* (even though the claim contained the statutory "means for" language which would not normally restrict the patent to a specified structure)—and thus, because Sensormatic's system does not send data from the camera to the monitor, it was entitled to judgment as a matter of law.⁶⁵

A claim of infringement requires two steps: 1) the claims are constructed; and 2) the accused devices are compared to the properly con-

57. *Elbex Video Ltd. v. Sensormatic Elecs. Corp.*, 508 F.3d 1366, 1368 (Fed. Cir. 2007).

58. *Id.*

59. *Id.*

60. *Id.*

61. *Id.*

62. *Id.* at 1369.

63. *Id.*

64. *Id.*

65. *Id.* at 1369-70.

structed claims.⁶⁶ Claim terms carry a “heavy presumption” that they retain their ordinary meaning to one skilled in the art in view of the usage in the patent specification.⁶⁷ However, this presumption can be overcome when the patentee clearly and unmistakably surrenders claim scope during the prosecution process—however, if the alleged disavowal is ambiguous, the doctrine does not apply.⁶⁸

The district court’s first error was the application of the prosecution history to construction of the term “receiving means.”⁶⁹ While the prosecution history suggested that the monitor must receive the signal, the Federal Circuit noted that nothing in the specification indicated that the monitor receives signals.⁷⁰ More importantly, if the claim were surrendered in the manner described by the district court, it would result in an inoperable system.⁷¹ Thus, because it is impossible to understand what was meant by the statement in the office action in light of the prosecution history, it was held to be ambiguous and not binding by the Federal Circuit.⁷² It is for this reason that such statements are usually given little weight in claim construction.⁷³ What the Federal Circuit does not mention is that not only would the construction given by the district court lead to merely finding that Sensormatic did not infringe, the district court would have been further required to invalidate Elbex’s claims for being non-functional.⁷⁴ At any rate, the correct construction of the receiving means was not limited to strictly a monitor.

The second error of the district court was with regard to infringement as to the third of Sensormatic’s accused methods. The issue was whether Sensormatic’s cameras sent a signal used by the controller to determine from which camera the signal came, that is, to address the camera.⁷⁵ While the district court correctly ruled that the first two Sensormatic devices did not generate addressing signals, it erred in prematurely determining that the third did not generate addressing signals.⁷⁶ The third of Sensormatic’s designs was an internet-protocol (IP) based camera that uses address data contained in the data packets sent from camera to address return messages to that camera.⁷⁷ The Federal Circuit determined that there simply was not enough information in the record to determine

66. *Id.* at 1370.

67. *Id.* at 1371.

68. *Id.*

69. *Id.* at 1372.

70. *Id.*

71. Not only would such a construction require the implementation of a specialized monitor to receive and send signals as described, the construction given would still be impossible, because the hardware design layout in the specification placed a low-pass filter in between the monitor and cameras which would erase any signals generated by the monitor. *Id.* at 1373.

72. *Id.* at 1372.

73. *Id.*

74. Patented devices must have specific utility to be valid—that is, they must be functional. *See* 35 U.S.C. § 101 (2000).

75. *Elbex Video Ltd.*, 508 F.3d at 1374-75.

76. *Id.*

77. *Id.* at 1375.

if the IP-based camera infringed on Elbex's patent, and remanded for further proceedings.⁷⁸

The forgoing case demonstrates the complicated nature of patent issues and the depth of expertise and understanding required to correctly navigate their shadowy waters. While the district court knew to consult the prosecution history when constructing the claim, it did not give the record the proper weight in light of the information contained in the specification. The court did not know to only restrict claim scope if there was a clear and unmistakable surrender in the prosecution history—its analysis was not in depth enough to determine that the prosecution history was ambiguous. Furthermore, in giving the record too much weight, it adopted a construction that probably should have properly invalidated the Elbex patent, violating another important canon of construction: claims are constructed, if possible, to preserve their validity.⁷⁹ Most likely, only a very experienced court on patent issues (such as the Federal Circuit) would have been able to properly construct the claim in light of the information in the record. This illustration raises questions as to whether the bill as contemplated by Congress will sufficiently address the problems regarding reversals in the district courts, because it shows the depth of experience needed to properly navigate patent issues. This is not something that may necessarily be accomplished by hearing a few more patent cases in a given year.

V. WHY THE BILL WILL NOT ADDRESS THE PROBLEM

The previous Part showed examples of how difficult patent issues can be, but that some reversible errors are simple enough that they may be solvable by adding, only marginally, to the expertise and experience of district judges. However, while H.R. 34 will help to some degree with some of these more simple issues, the bill will in reality accomplish very little, and it will only help to the extent that it provides funding for training for judges and hiring technically proficient clerks. Further, any gains in patent expertise may be offset by losses in judicial efficiency and increases in forum shopping. This Part will explain why H.R. 34's major provision of creating "patent judges" is likely to fail. Section A will explain, while the bill's underlying assumption that more experience and expertise is one of the leading causes of the high reversal rate, the bill will do little to improve judicial expertise.

Additionally, this Part will outline several other shortcomings of the bill, including its limited prospects for training, lack of guidance on expertise, and exclusion of several key district courts. Finally, this Part will discuss what effect the bill has and why it should be passed anyway, even if its prospects for success are limited.

78. *Id.*

79. *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577 (Fed. Cir. 1984).

A. EXPERTISE IS MORE DETERMINATIVE THAN EXPERIENCE

One of the underlying assumptions of H.R. 34 is that practice makes perfect.⁸⁰ However, at least one commentator has cited a recent study showing that assumption may not be correct.⁸¹ The LegalMetric report found that out of a sample size of 1,400 cases, judges who had at least one hundred patent cases under their belt were as likely to be reversed (forty percent) as the overall pool of judges on such matters.⁸² However, the technical expertise and educational background that judges possess are much more likely to have an effect; judges with either Bachelor of Science or Masters of Science degrees were only reversed thirty-three percent of the time.⁸³

The study suggests that a judge's overall experience may not be relevant to reversal rate, but places extra significance on a judge's technical abilities.⁸⁴ Additionally, the data suggests that the bill's provision for hiring technically proficient law clerks may be crucial to reducing the reversal rate.⁸⁵ However, judges should be wary to rely too much on outside opinions about claim constructions because, as can be seen by the *AllVoice Computing* case, it is the judge's reputation that is on the line. This is especially true with regards to law clerks who will typically not be credited for their contributions to judicial opinions.

Thus, the bill's provisions that aim to funnel cases to certain judges in order to concentrate and increase expertise may be flawed. However, one aspect of the bill may provide some hope: the judges who will be designated will have *chosen* to receive patent cases—a factor not taken into account by the LegalMetric study.⁸⁶

B. OPT-OUT PROVISIONS UNLIKELY TO CHANGE CASE ASSIGNMENTS

In order to determine what effect H.R. 34 will have on the district courts, it is important to first note the manner in which cases are currently handed out in the district courts. Under the current statutory scheme, the assignment of cases is currently governed by 28 U.S.C. § 137, which allows each court to set up its own rules for the assignment of cases. Each court currently has broad discretion to set up its own rules governing the assignment of cases to its judges.⁸⁷ Accordingly, “[d]istrict Judges have the inherent power to transfer cases from one to another for the expeditious administration of justice.”⁸⁸ Additionally, “district courts

80. See *supra* note 56.

81. Swain, *supra* note 13, at 328 (citing Press Release, EWorldwire.com, LegalMetric Finds Judges' Experience Does Not Help in Patent Cases (Aug. 22, 2006), available at <http://www.eworldwire.com/pdf/15326.pdf> [hereinafter LegalMetric Study]).

82. LegalMetric Study, *supra* note 81.

83. Swain, *supra* note 13, at 328 (citing LegalMetric Study, *supra* note 81).

84. *Id.*

85. *Id.*

86. *Id.*

87. United States v. Diaz, 189 F.3d 1239, 1243 (10th Cir. 1999).

88. United States v. Martinez, 686 F.2d 334, 338 (5th Cir. 1982) (quoting United States v. Stone, 411 F.2d 597, 598 (5th Cir. 1969)).

retain the inherent power to control the assignment and transfer of cases so as to facilitate the business of the court and to promote the expeditious administration of justice.”⁸⁹

Typically, cases are handed out on an informal rotating basis determined by which judge will have the most time to hear a matter.⁹⁰ A judge’s particular proficiency with a given matter is usually not considered.⁹¹ Some courts allow senior judges to specialize and keep their dockets clear for certain cases, but this is rare.⁹² Others allow some limited screening based on judicial experience.⁹³ Part of the reluctance to enact such measures stems from the belief that specialization and screening will deprive some judges of gaining experience in certain areas of the law, which is in turn based on the theory that district judges should be “all-around expert[s].”⁹⁴

H.R. 34 preserves the initial round of judicial case assignment according to the method chosen by that court.⁹⁵ However, it then allows judges who are not part of the program to “opt-out,” causing the case to be assigned to a judge who has chosen to be designated as a patent judge.⁹⁶ The problem with this approach is that judges already have the capability to do this under their inherent discretionary powers. Giving a legislative approval to a pre-existing capability for judges to opt-out of cases does little more than would a little league coach who calls his players to the sideline during a key moment of the game and says, “if anyone feels they are unable to help the team win, they are welcome to sit this one out.” If a judge were to opt out of a case, this may be seen as a sign of weakness, and a legislative nod to that behavior would do little to ease the pressure for judges to try the cases they are assigned. Furthermore, a judge who opted out would be tacitly admitting that he does not have the experience or expertise to try patent cases, an admission that would be tantamount to saying that he is contributing to the reversal problem—an admission few would seem likely to want to make. Finally, as previously mentioned, patent law is currently an extremely active area of law, and it may be asking too much for prospective judges to voluntarily give up the opportunity to “make their mark” on this active and widely publicized area of law. Given these reasons, at best, the judicial opt-out program will have little to no effect on the way cases are assigned.

89. *United States v. Keane*, 375 F. Supp. 1201, 1204 (N.D. Ill. 1974).

90. *See Bird, supra* note 18, at 476.

91. *Id.*

92. *See id.* at 482.

93. *Id.* at 481-82.

94. *Id.* at 483-84.

95. 153 CONG. REC. H1431-01 (daily ed. Feb. 12, 2007) (Rep. Sensenbrenner stated that the bill preserves “the random assignment of cases and . . . prevent[s] the selected districts from becoming magnets for forum shopping litigants.”).

96. Establishing a Pilot Program in Certain District Courts, H.R. 34, 110th Cong. (1st Sess. 2007).

C. IF OPT-OUTS WORK, JUDICIAL EFFICIENCY WILL BE NEGATIVELY AFFECTED

Even assuming the opt-out program works as intended, its likely negative effect on judicial efficiency will outweigh any perceived or actual improvement in patent expertise, and hence, reversal rates. Before random assignment became accepted, courts used a master calendaring system where the chief judge would assign cases based on the individual judges' interests and skills.⁹⁷ However, this caused huge efficiency problems—some judges would be overworked while others had time to spare.⁹⁸

H.R. 34 could face similar problems of efficiency. The bill does not address the workload that will be assigned to judges as part of their regular court duties. At a minimum, designated patent judges will be forced to clear out significant portions of their calendar in anticipation of receiving patent cases. This means that the designated judges may either be overworked or underworked, depending on how many judges opt into the program. Based on our previous assumption that the opt-out judges alleviate themselves of their patent load, a strong possibility exists that the demand for patent judges will severely outstrip their time and resources. As a result, the designated judges will become backlogged with patent cases and ultimately the average length of patent cases trial schedules could be increased. At the other extreme, patent judges may face times of the year where their schedule is overrun, and others where their patent case load is light. Accordingly, it will be difficult to fill in the gaps with standard case fare, which means their overall judicial efficiency will be decreased.

D. NO REQUIRED TRAINING, QUALIFICATIONS, OR GUIDANCE

As noted above, the authorization of funding for training and hiring of law clerks may prospectively be one of the most promising aspects of the bill. However, while H.R. 34 provides funding for training, the bill does not *require* judges who have opted in to take part in any training to improve their patent expertise.⁹⁹ Furthermore, the bill assumes that patent training is available for judges, and does not take any proactive measures to ensure that training tailored for the judiciary is available.¹⁰⁰ Thus, while some judges may take advantage of the funding to attend a seminar or two, the bill is entirely inadequate for ensuring any systematic training of patent judges.

Additionally, the bill does not list any special qualifications for being designated as a patent judge, such as having heard a number of cases or

97. Bird, *supra* note 18, at 475-76.

98. *Id.*

99. See H.R. 34 § 1(f).

100. The European Patent Organisation's Patent Academy provides judiciary training for patents, which draws together expertise on patents from all across Europe to offer training to judges, including regional intellectual property enforcement and litigation seminars. European Patent Organisation, Judicial Training (Jan. 20, 2008), <http://www.epo.org/about-us/office/academy/programme-areas/jurisdiction.html>.

having a technical degree.¹⁰¹ As noted in Part IV regarding the LegalMetric study, education may be the single biggest factor in determining the reversal rate.¹⁰² In not addressing the technical background and proficiency of judges who opt into the program, the bill leaves the prospects for success open-ended.

Moreover, while the bill authorizes funding for hiring technical clerks, it does not provide any guidance on the qualifications of such clerks, how many are to be hired per court, or any guidelines for how the funding pool is to be divided between hiring new clerks and enrolling in training programs for judges.¹⁰³ Presumably, the clerks hired would be at least eligible to take the Patent Bar exam—meaning they must either have a degree in a recognized technical subject, certain minimum hourly requirements in recognized science classes, or have passed the Fundamentals of Engineering exam.¹⁰⁴ While the bill does not qualify what is meant by technical clerks, this provision is among the most promising, and may be one of the few successes that may be obtained if the bill is passed.

E. MAJOR PATENT COURTS LEFT OUT

The bill conveniently leaves out two of the courts bearing the largest patent case load on the basis that they do not have ten judges, the Eastern District of Texas and the District of Delaware.¹⁰⁵ One of the reasons for the way the bill is crafted is to prevent forum shopping.¹⁰⁶ However, by denying two of the most popular patent districts access to the pilot program, forum shopping is virtually ensured because Texas and Delaware litigants will face the choice of either litigating in their home state or choosing a district court that has benefited from the supposed increases in efficiency and expertise as a result of the program.¹⁰⁷ Additionally, leaving out two of the major patent courts may provide excellent fodder for comparison as to how effective the program is, but it undermines the true purpose of the bill—decreasing reversal rates.

F. SUMMING UP: MORE DECISIVE STEPS NEEDED

Ultimately, the question must be asked—what good is this bill? If it really will do as little as claimed, why pass it? Perhaps the bill's value is in the fact that it will do little besides provide funding for some training and the hiring of some technical clerks. Even if the opt-in program fails,

101. All that is required is that judges who “request to hear” patent cases be so designated by the chief judge of that court to hear such cases. H.R. 34 § 1(b).

102. See *supra* notes 81-86 and accompanying text.

103. H.R. 34 § 1(f).

104. See U.S. PATENT AND TRADEMARK OFFICE, GENERAL REQUIREMENTS BULLETIN FOR ADMISSION TO THE EXAMINATION FOR REGISTRATION TO PRACTICE IN PATENT CASES BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE 4-8 (2008), <http://www.uspto.gov/web/offices/dcom/olia/oed/grb.pdf>.

105. See *supra* notes 28-30 and accompanying text.

106. See H.R. 34 § 1(e)(D).

107. Swain, *supra* note 13, at 333-34.

which is likely, the added value of having some technical expertise behind the bench providing guidance may be enough to warrant the bill's passage. However, the failure to include two major patent courts is a barrier to fairness, and the ultimate legacy of the bill will probably be its inevitable contribution to increased forum-shopping rather than its contribution to judicial efficiency. Thus, H.R. 34, as it stands, should not be passed, even in light of the benefits of funding for technical training and clerkships.

H.R. 34's limited and timid approach to creating specialized patent judges is its major undoing. By not taking more decisive steps, the bill is unlikely to achieve its goals and will probably only cause additional forum shopping.¹⁰⁸ Additionally, a ten-year pilot program is too long to see what the results might be.¹⁰⁹ H.R. 34 is a bill that constitutes a baby step towards patent reform at the district court level, and a baby step that will take at least ten years to make. Congress must take more decisive steps towards solving the problem of district court patent reversals. Part VI will talk about alternative approaches that will most certainly create more controversy, but will be much more likely to achieve substantive results.

VI. METHODS FOR EASING THE PRESSURE

H.R. 34 is a bill that will do little, if anything, to ease the pressure faced by district courts to improve their efficiency and expertise regarding issues of substantive patent law. Much more dramatic and substantive steps must be taken in order to decrease the reversal rate, thereby improving the United States patent system. In fact, the United States should seriously consider following the lead of other countries' patent systems and create an official patent court system at the district level that handles patent matters exclusively.

This Part will explain two models of patent court systems, the German and Japanese systems, aspects of those courts that should be used to improve the U.S. system, and reasons why a dedicated patent court is preferable to the current U.S. approach. Next, it will explain the best approach for the U.S. to face the unique concerns and problems facing the U.S. patent system. Such a system will solve many of the problems unaddressed by H.R. 34 and constitutes a bolder and more innovative approach than the approach currently being proposed by the House of Representatives.

A. THE GERMAN MODEL

The German patent system is notable for its requirement of technical expertise and experience for judges who hear cases on patent matters in dedicated patent courts.¹¹⁰ One critic of H.R. 34 has noted the usefulness

108. See *supra* Part V.

109. See Swain, *supra* note 13, at 336.

110. See *id.* at 332-33.

of the German patent court system to find ways to improve the pending legislation.¹¹¹ However, this comment would propose taking the comparison one step further by taking the best practices from the German system and creating specialized district courts with exclusive jurisdiction to hear patent cases in the United States. This Section will provide a basic overview of the German patent experience, as well as point out the most useful features that should be incorporated into the U.S. system.

Unlike the U.S. system where patent scope is determined through claim construction by the district court in the course of an infringement action, patent validity and scope in Germany can be determined in two distinct ways: nullity proceedings and opposition proceedings—both of which are totally separate from an infringement action.¹¹² The opposition proceeding must be filed within three months of the patent's issuance with the German Patent Office.¹¹³ When the opposition is filed, a three-member panel of technical experts is created, including the chairman of the particular Patent Division involved in the patent, the original patent examiner, and one other.¹¹⁴ The patent claim construction in the opposition proceeding will take advantage of the technical resources available to the German Patent Office, and the background knowledge of the prosecution history brought to bear by the original examiner, thus increasing the chances that an opposed patent will be accurately constructed.¹¹⁵ While some critics disparage the opposition proceeding system as too expensive, and therefore favorable to large corporations, the general consensus is that most are fairly content with its operation.¹¹⁶

After the initial three months has passed, the only way to challenge the scope of a patent's construction is through a nullity proceeding.¹¹⁷ The nullity challenge is determined by the German Patent Court consisting of a five-judge panel—three of which are technical judges and two of which are legal judges.¹¹⁸ Like the opposition proceeding, the nullity proceeding determines the scope and validity of a patent.¹¹⁹

Because the opposition and nullity proceedings are the only legitimate methods of challenging the scope and validity of a patent, German law does not allow a validity challenge in the course of an infringement suit.¹²⁰ Infringement suits are brought in German courts of general jurisdiction, and if a nullity proceeding is brought in response to an infringement action, the infringement action is stayed pending the outcome of the

111. *Id.*

112. N. Thane Bauz, *Reanimating U.S. Patent Reexamination: Recommendations for Change Based Upon a Comparative Study of German Law*, 27 CREIGHTON L. REV. 945, 961 (1994).

113. *Id.* at 964.

114. *Id.*

115. *Id.* at 965-67.

116. *Id.* at 967-69.

117. *Id.* at 969.

118. Bauz, *supra* note 112, at 970.

119. *Id.* at 965, 969.

120. *Id.* at 968.

nullity proceeding.¹²¹ However, even German district courts have special patent panels to hear infringement actions.¹²² While these judges are generally not technically trained like their counterparts at the German Patent Court, they hear a significant number of patent cases, allowing them to gain experience and hone their expertise relatively quickly.¹²³

While the bifurcation of the invalidation proceeding and infringement action is not without its criticism¹²⁴ and is a feature the U.S. would do well to stay away from,¹²⁵ the common element of the German patent adjudication system is that judges hearing patent matters are, for the most part, both technically adept and experienced with patent matters. The dedicated nature of the courts hearing patent disputes, the technical nature of such matters and the need for adjudicators who are both experienced and technically adept are features the U.S. system fails to accomplish. Moreover, the German system demonstrates that a court system featuring specialized patent courts can be successful.¹²⁶ Additionally, the availability of opposition proceedings in the German model serves to strengthen the patent system by combining the resources of the industry with the technical expertise and familiarity of the Patent Office.¹²⁷

B. THE JAPANESE MODEL

Japan provides another example of a patent system that recognizes the importance of specialization and technological expertise in its judiciary.¹²⁸ Recognizing the need to specialize, Japan revised its patent court procedures in April 2004, to grant exclusive jurisdiction to two courts—the Tokyo District Court or the Osaka District Court.¹²⁹ Again, concentrating the patent cases into two Japanese courts ensures that judges gain substantial expertise, similar to the effect creating specialized patent courts would have. Additionally, 140 part-time technical advisors have been appointed to assist both the district courts and the High Court of Tokyo on technical issues, in addition to the full-time advisors already on staff.¹³⁰

In a break from the German system, which requires all patent scope

121. *Id.* at 971-72.

122. Swain, *supra* note 13, at 330.

123. *Id.*

124. The bifurcation of the nullity and infringement actions generates some controversy with regards to efficiency and judicial consistency; while the law underlying the claims is the same, different interpretations develop over time in the German Patent Courts and district courts. Bauz, *supra* note 112, at 971-72. Additionally, the similarity between the legal issues of infringement and invalidity leads to substantial redundancy between the two proceedings, further reducing the efficiency of such a system. *Id.* at 976.

125. Swain, *supra* note 13, at 331.

126. *Id.* at 333.

127. Bauz, *supra* note 112, at 976.

128. See Ruth Taplin, *Transforming Intellectual Property in Japan*, SCIENTIFIC-THOMSON REUTERS, July 2007, <http://scientific.thomsonreuters.com/news/newsletter/2007-08/8398267>.

129. *Id.*

130. *Id.*

and validity to be determined by its Patent Office,¹³¹ the law in Japan has also been revised to allow the court system to invalidate patents, albeit only in a limited fashion.¹³² The courts now have the power to decide the patent is invalid, but the decision is only binding on the parties to the dispute.¹³³ All other invalidity decisions are reserved to the Patent Office.¹³⁴ This would seem to address the major concerns with the bifurcated approach of the Germans.

In addition, in a procedure that takes advantage of the expertise of its Patent Office, similar to the opposition proceeding in Germany, Japan provides a mechanism for the Japanese Patent Office to respond to any request regarding the interpretation of a given claim language.¹³⁵ Such a mechanism allows courts to request interpretations from the patent office and exploit the technical expertise of the examiners.¹³⁶ Such opinions are treated as expert opinions and are given evidentiary weight in infringement proceedings.¹³⁷ While U.S. courts have the authority to take advantage of court-appointed experts (as utilized unsuccessfully in the *Allvoice* case), the U.S. Patent Office is not called on to issue claim interpretation opinions as in the Japanese system.

The Japanese system is a second example of the importance of concentrating patent cases with a limited set of district courts. Also, Japan's hiring of 140 technical advisors demonstrates the depth of commitment needed to make courts more technically adept, and shows the importance of using the five million dollars dedicated to make new hires of technically proficient staff.¹³⁸ However, while H.R. 34 makes some nominal attempts at concentrating cases with a few judges, thereby increasing efficiency and experience, ultimately more decisive steps are needed to ensure an effective solution.

C. THE MODEL U.S. SYSTEM: THE BEST OF BOTH WORLDS

The United States should look to the example provided by worldwide patent programs and adopt the best features of each patent system. There are important cues to take from both the German and Japanese patent systems. This Section proposes important reforms that are needed above and beyond the baby-steps of H.R. 34 in order to truly transform

131. See *supra* Part VI.A.

132. *Id.*

133. *Id.*

134. *Id.*

135. John F. Duffy, *On Improving the Legal Process of Claim Interpretation: Administrative Alternatives*, 2 WASH. U. J.L. & POL'Y 109, 155 (2000).

136. *Id.*

137. *Id.*

138. In general, the average pay of a federal judicial clerk is between \$48,000 and \$57,700 per year. Univ. of Wis. Law Sch., Qualifications for Federal Clerkship Salaries, June 17, 2008, <http://law.wisc.edu/career/Qualifications.htm>. To show the order of magnitude of the funding, assuming a \$52,000 average, five million dollars would pay for fewer than one hundred clerks (if applicable employee benefits and taxes are included, the amount would be less; this of course also assumes that none of the funding is used on judicial training, which would further reduce the amount of clerks available for hire).

the patent system in the United States and achieve the goals of increasing judicial efficiency and reducing the reversal rate.

1. Confer Specialized and Exclusive Patent Jurisdiction

If Congress is serious about alleviating the reversal rate and improving the overall efficiency of district courts with regards to patent issues, including claim constructions, it must consider authorizing patent courts with dedicated patent judges, similar to the German Patent Court. Even if the creation of special courts is not feasible, at the minimum, Congress must confer exclusive patent jurisdiction to select district courts with panels of patent judges. Cases should be pre-screened and routed directly to patent judges—judges who are not designated as patent judges should not have jurisdiction to hear such matters. Efficiency under such circumstances will be retained by studying the average number of patent cases nationwide in a year (including growth trend analysis) and determining the number of patent judges that will be required to meet the patent case load. Then, the patent judge positions should be divided amongst the courts with the most prolific patent case loads. The positions may be filled from current judges with significant patent experience, as long as they meet the qualifications discussed under the following subheading.

2. Require Technically Proficient District Judges

Similar to German patent panel judges, Congress should consider requiring at least a subset of the panel to have technical degrees (or equivalent relevant legal experience). The technical requirements for such judicial positions should be defined by the guidelines promulgated by the United States Patent Office for taking the patent bar; by hearing a requisite number of patent cases; or by relevant patent legal experience.

Lawyers who prosecute claims before the Patent Office are required to pass the Patent Bar, and while lawyers who argue patent cases are not required to pass the bar, they do invariably specialize in patent law, retaining specialization in patent law by experience.¹³⁹ Thus, it is appropriate to argue that judges should similarly be required to specialize.¹⁴⁰ Both Germany and Japan have gone the route of specialist judges, and due to the increasingly technical and complex nature of patent cases, the United States will soon be forced to follow suit or continue to endure high reversal rates.

However, LegalMetric data shows that experience may not be as relevant to reversals;¹⁴¹ therefore it is crucial to include judges with technical proficiency in a court's staff. While technical law clerks are important,

139. See LeRoy L. Kondo, *Untangling the Tangled Web: Federal Court Reform Through Specialization for Internet Law and Other High Technology Cases*, 2002 UCLA J.L. & TECH. 1.

140. *Id.*

141. See *supra* notes 81-86 and accompanying text.

they are not enough—judges have a personal stake in their reversal rate, while clerks do not. Thus, the technical proficiency of members of the judiciary in relation to patent cases may be a key aspect to reducing the reversal rate and increasing the importance of district court rulings in patent matters.

3. *Confer Funding and Authority to the Federal Judicial Center to Provide New-Judge Training Programs, and Require New Judges to Enroll*

The Federal Judicial Center (the “Center”) was established in 1967 for the purpose of providing initial and continuing education opportunities for federal judges.¹⁴² The goal of the center is noble; the desire is to increase the efficiency of the courts, thereby preventing “intolerable delay[]” in the adjudication of an ever increasing federal caseload.¹⁴³ However, the focus of the Center has been to address judicial training requirements in the area of judicial administration,¹⁴⁴ and more attention is needed to address judicial training requirements for patent cases. The Center needs to play a more central role in providing training to new judges, instead of merely providing orientation training and a motley assortment of continuing education classes.¹⁴⁵

Congress must look to the example provided by the European Patent Office¹⁴⁶ and authorize and fund the Federal Judicial Center to provide substantial initial and ongoing patent training for judges designated as patent specialists. Moreover, the training program must be made compulsory, and guidelines established for initial training requirements and ongoing educational requirements. Such training will increase the efficiency and expertise of patent adjudication and will increase the accuracy of district court rulings.

4. *Define Qualifications for Technical Law Clerks*

While the funding for hiring technical law clerks provided by H.R. 34 is a laudable attempt to increase the technical expertise of district courts, federal legislation should provide guidelines for the technical qualifications of law clerks. Again, the Patent Bar requirements for entry to the Patent Bar exam would provide useful guidance. As far as the type of technical requirements needed—such as the particular technical subject matter needed to address the types of cases on the docket—such decisions should probably be left to the discretion of the individual district courts.

142. William W. Schwarzer, *The Federal Judicial Center and the Administration of Justice in the Federal Courts*, 28 U.C. DAVIS L. REV. 1129, 1130 (1995).

143. *Id.*

144. *See id.* at 1146-47.

145. *Id.* at 1151-52.

146. *See supra* note 100.

5. *Provide Procedural Mechanism for Judicial Advisements from the Patent Office*

Congress should also enable a procedural mechanism by which district courts (or parties) can request an opinion from the Patent Office with regards to the validity or construction of claims, similar to the mechanism provided for in the Japanese system. The opinion would be given evidentiary value as to the claim construction and proper scope of the claim. This ability would allow the district courts to take advantage of the technical expertise and experience of the patent office and would give added weight to district court decisions that followed the guidance from the patent office. Having the support of the patent office with regards to a particular claim construction, while not dispositive, would make the district court much less likely to be reversed by the Federal Circuit, and would add to the finality of district court opinions.

VII. CONCERNS WITH SPECIALIZED COURTS—IS “FORUM SHOPPING” REALLY A PROBLEM?

One of the apparent concerns underlying the reasons for the timid approach of H.R. 34 is the fear that creating patent specialist judges will increase forum shopping.¹⁴⁷ While H.R. 34 may create an environment of increased forum shopping, creating exclusive patent jurisdictions will, in fact, reduce forum shopping while ensuring a more efficient process for litigants. This Part anticipates the main argument against a specialized district court: forum shopping. Specifically, it will look more in depth at the problem of forum shopping and the plaintiff-friendly rules of the Eastern District of Texas, and discuss why an exclusive patent court would largely eliminate these types of problems. Ultimately this section will show, in answer to the question posed by the section heading, that yes, forum shopping is a problem with H.R. 34, but the problem will be solved by taking the bill a step further and instituting exclusive courts.

A. WHAT IS FORUM SHOPPING?

When one discusses forum shopping, one must break the notion down into three related activities: making a filing selection based on the prospects of being assigned a particular judge; making a filing selection based on favorable procedural rules and judicial calendaring; and making a filing selection based on the particular law of a given jurisdiction.¹⁴⁸

Naturally, any approach that concentrates patent cases in the hands of a few judges will increase the possibility that litigants will file in one district over another based on the prospects of getting a particular judge assigned to the case who may be perceived to be favorable to their partic-

147. Swain, *supra* note 13, at 323-24.

148. See Kimberly Jade Norwood, *Shopping for a Venue: The Need for More Limits on Choice*, 50 U. MIAMI L. REV. 267, 268-69 (1996).

ular issues.¹⁴⁹ Moreover, litigants in patent cases are notorious for selecting district courts (most famously, the Eastern District of Texas) based on the forum with the most perceived beneficial procedures and court rules.¹⁵⁰ However, the practice of forum shopping based on favorable substantive patent law has been obliterated by the creation of the Federal Circuit in 1982.¹⁵¹ As a result, the most extensive form of forum shopping in patent cases is probably selection based on the procedural rules offered by a particular district court, the expertise of a particular judge, or favorable jury pools.¹⁵²

While critics of forum shopping argue that it is unfair and inefficient to allow plaintiffs to exploit the forum shopping strategy, the Supreme Court has recognized that forum shopping is a legitimate adversarial technique.¹⁵³ Moreover, attorneys have a fiduciary obligation to shop for the most favorable forum on behalf of their clients.¹⁵⁴ Furthermore, the Federal Rules of Civil Procedure already provide several safeguards to ensure that the interests of defendants are protected when being hauled into court in an inconvenient forum.¹⁵⁵

Nevertheless, an interest exists in preventing forum shopping based on the need for an efficient system, the need for both plaintiffs and defendants to have confidence that they will have their claims fairly adjudicated no matter where the case is brought, and ultimately, the need for courts to achieve a substantively similar outcome.¹⁵⁶ As one commentator noted, “[c]onsistent application of patent laws and the integrity of the judicial system outweigh any of the reasons in favor of forum shopping.”¹⁵⁷

Thus, substantive steps should be taken to curtail forum shopping. However, while H.R. 34 attempts to reduce the possible effects of forum shopping, ultimately it will do little to address the problem. If successful,

149. *Id.*

150. Plaintiffs select the Eastern District of Texas because of strict procedural rules enforcing early discovery and firm trial dates, which increases efficiency and reduces the cost of litigation. Alisha Kay Taylor, Comment, *What Does Forum Shopping In the Eastern District of Texas Mean for Patent Reform?*, 6 J. MARSHALL REV. INTELL. PROP. L. 570, 570 (2007).

151. The endowment of appellate jurisdiction into the Federal Circuit unified the previously splintered interpretations of federal patent law into one body of law, thereby reducing forum shopping based on appellate jurisdiction and substantially strengthening the overall patent system. See Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (codified as amended in scattered sections of 28 U.S.C. (2000)); Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 5, 7-8 (1989).

152. See Taylor, *supra* note 150, at 580. However, other factors may also be at play, such as the perception of a sympathetic jury pool. *Id.* One of the biggest factors in the popularity of the Eastern District of Texas may be the judicial efficiency and expertise of Judge Ward, who instituted the procedural rules there and hears the majority of the patent cases in Marshall. *Id.* at 583.

153. See *id.* at 579.

154. *Id.*

155. See generally 28 U.S.C. § 1404 (2000).

156. Taylor, *supra* note 150, at 582-83.

157. *Id.* at 583.

H.R. 34 will further *exacerbate* the problem of forum shopping because it will concentrate patent expertise in the hands of a minority of judges while still allowing judges with comparatively less patent expertise to continue to hear patent matters. Further, lawyers will have a fiduciary duty to file in or avoid these courts, depending on their clients' unique needs—virtually guaranteeing forum shopping based on the effect of H.R. 34. Additionally, the duty to forum shop creates a perverse incentive for some patent defendants to want cases to be heard by less efficient and knowledgeable courts with the aim to increase litigation costs and prolong trial dates for plaintiffs. On the other hand, plaintiffs will continue to desire efficient dockets and swift trials. Ultimately, however, efficient and predictable trial outcomes are desirable for both sides of a given dispute.

B. WHY IS THE EASTERN DISTRICT OF TEXAS SO POPULAR?

Local rules are authorized under the Federal Rules of Civil Procedure, which allow any court to adopt special rules consistent with the Federal Rules and aimed at increasing judicial efficiency.¹⁵⁸ Under this authorization, Judge Ward of the Eastern District of Texas adopted local patent rules in 2001.¹⁵⁹ First and foremost, the patent rules specify strict scheduling orders for discovery, and a patent-specific pre-trial hearing date.¹⁶⁰ Additionally, the rules limit the objections that can be made in discovery, thus expediting the discovery process.¹⁶¹ Finally, the rules force the plaintiff to serve the opposing party with two documents that must specify the alleged infringed claims, as well as a chart identifying where each infringement occurs and whether the claimed infringement is literal infringement or infringement under the doctrine of equivalents.¹⁶² Additionally, these documents are binding, and any amendments to these preliminary documents are prohibited, except by special court order.¹⁶³ The strict adherence to these preliminary documents streamlines the pre-trial process by ensuring less backtracking by the parties and more predictability to the claims of the plaintiff.¹⁶⁴ Furthermore, the rules force the parties to work together to provide a unified document that shows each party's proposed construction of each disputed claim element.¹⁶⁵

The procedural framework in the Eastern District of Texas sets it apart from most other district courts and ensures speedy and efficient trials—thus earning it the title of “rocket docket.”¹⁶⁶ While the attempts by Judge Ward to create a more efficient patent process are laudable, such

158. FED. R. CIV. P. 16; Taylor, *supra* note 150, at 571.

159. Taylor, *supra* note 150, at 572.

160. *Id.*

161. *See id.* at 572 n.24.

162. *Id.* at 572-73.

163. *Id.* at 573.

164. *See id.*

165. *Id.* at 573.

166. *Id.* at 570.

unilateral changes to the patent pre-trial procedure have only exacerbated the problem of forum shopping in patent cases. Without more wide-reaching and uniform reforms, reforms instituted by individual courts (or by Congress to a select subset of courts via H.R. 34) cannot be long-term solutions to the problems of the reversal rate and judicial efficiency, because any such reforms will only increase the same type of forum shopping problems created by the Eastern District of Texas.

C. WHY SPECIALIZED PATENT COURTS, UNLIKE H.R. 34, WILL ACTUALLY REDUCE FORUM SHOPPING

As noted in Section B, the perception of advantageous procedural rules and more experienced patent judges has the effect of encouraging forum and judge shopping in the district courts. However, unlike the “testing-the-waters” approach of H.R. 34 that, if successful, will inevitably and inescapably lead to increased forum shopping, the creation of specialized district courts, in stark contrast, will actually *reduce, if not completely eliminate*, forum shopping.¹⁶⁷

In examining the reality of the patent situation in the United States, a form of *ad hoc* specialized patent court system already exists.¹⁶⁸ Almost half of patent cases are filed in districts known for patent experience, which suggests an unspoken need for a specialized patent system.¹⁶⁹ If a specialized patent system is created as discussed in Part VI, the exclusive jurisdiction afforded patent courts will eliminate forum shopping and ensure a fair and efficient trial.¹⁷⁰ The specialized patent court system will increase the accuracy and expertise of patent decisions, thereby reducing the reversal rate and creating more predictability for both sides of a patent dispute.¹⁷¹ Fair, efficient, and predictable adjudication of disputes will reduce litigation costs and further encourage settlement between parties.

As mentioned, the procedural advantages of certain district courts, including the Eastern District of Texas, are a clear reason for forum shopping. Thus, any proposed legislation for the creation of specialized patent courts should include a uniform set of procedural rules for such courts to prevent the sort of problem created by the Eastern District. This step would remove the last vestiges of advantage as preserved in the current system, and would ensure a uniform system in which no impetus existed to file in one district over another. While the rules of court in the Eastern District certainly increase efficiency, the court is viewed as largely pro-

167. See Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889, 932 (2001) (proposing an exclusive patent court to completely eliminate forum shopping).

168. Taylor, *supra* note 150, at 584.

169. *Id.*

170. *Id.* See also Moore, *supra* note 167, at 925 (“Maximum efficiency in this respect would be achieved by a single, specialized trial court for patent dispute resolution.”).

171. See Taylor, *supra* note 150, at 584.

plaintiff.¹⁷² Thus, any approach to creating a uniform procedure for patent dispute resolution must take into account and balance the conflicting interests of plaintiffs and defendants.

VIII. CONCLUSION

In summary, the reversal rate in district courts on matters of patent law is a very real problem. The two cases discussed above, *AllVoice Computing* and *Elbex*, demonstrate the need for greater levels of judicial experience and technical expertise at the trial level. While H.R. 34 is a notable first step towards achieving those goals, in reality, the bill will do little to aid the reversal problem besides stymieing the courts in a protracted pilot program with little chance for substantial success and, even if successful, will probably decrease efficiency and increase forum shopping along the way. In order to improve the patent system and retain the United States' technology lead in the world, a more substantial overhaul is needed. The German and Japanese systems demonstrate the need for real technical expertise, including technical backgrounds among the judiciary, and the need to dedicate judges to patent cases, something the House bill fails to achieve.

The most effective solution is to create patent panels in select district courts, or to authorize the creation of patent district courts. These judges must have the exclusive jurisdiction to hear patent cases, must have technical qualifications, and must have technical staff to support them. Additionally, such judges should possess the ability to call on the Patent Office for opinions regarding the interpretation of claims. Finally, claims by pundits of specialized patent judges regarding the dangers of forum shopping are easily dismissed—specialized patent courts with uniform procedural laws and an expert, educated, and efficient judiciary will eliminate forum shopping and ensure a fair process for both sides. There is no disadvantage to having a judiciary that is more likely to correctly interpret the law—especially when the sole purpose of keeping the *status quo* is to preserve the archaic notion that federal judges should be generalist experts.

Ultimately, Congress must take patent jurisdiction out of the hands of the general judiciary and give it to specialized patent judges who have the expertise, experience, and support to correctly adjudicate patent disputes. H.R. 34 is simply inadequate to achieve this goal.

172. Victoria E. Luxardo, Comment, *Towards a Solution To the Problem of Illegitimate Patent Enforcement Practices in the United States: An Equitable Affirmative Defense of "Fair Use" in Patent*, 20 EMORY INT'L L. REV. 791, 818 (2006).